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In reference to the Committee's amended 2012 April Quarterly and July Quarterly, the Committee wishes to apprise the Commission of the circumstances surrounding the errors made on the original reports and the Committee's efforts to ensure accurate and timely reporting for all subsequently filed reports.

The Committee started its operations in February of 2012, beginning with an all-volunteer staff. As it brought on paid staff through the spring, the heavy focus was on involvement in elections and the business and compliance operations were staffed by young, inexperienced, but committed employees. They made a good faith effort to comply with the Commission's regulations, but didn't realize the complexity involved in reporting or the requirements of record keeping.

In late April and early May, the Committee began to professionalize its operation and bring on more seasoned staff. The Committee's leadership realized in mid-June, after the first primary election in which it was engaged, that its financial operations and compliance activities were not being managed successfully.

At that time, the Committee sought out experienced professionals in campaign finance law and FEC reporting, retaining both a law firm and a compliance consultant to review the Committee's reports and records and to assume responsibility for financial operations, compliance, and reporting going forward.

The Committee transitioned responsibility for these activities beginning in early July. Unfortunately, the transition was not complete prior to the filing of the July Quarterly report.

However, the Committee discovered the substantial errors it made in disbursements on the April Quarterly Report and the substantial errors it made in reporting receipts on the July Quarterly Report. Upon discovering the errors and making an exhaustive review of the Committee's records, the Committee amended the reports to disclose these errors on its own initiative.

Additionally, the Committee notes that the errors, although significant, did not mask the most important details from the public record. The error in total disbursements on the April Quarterly Report consisted mostly of small individual expenditures, none of which were independent expenditures. Although the record was incomplete, no major expenditures to influence an election were omitted.

Although the error in receipts on the July Quarterly Report was quite large, it consisted entirely of two contributions received the same day from the same donor. That donor and his considerable support for the Committee were well established in the public record based on the original reports. The original report disclosed year-to-date contributions from the donor in question in excess of \$1.9 million dollars. While the correct amount was in excess of \$2.35 million dollars, it was certainly clear that the donor was a major supporter of the Committee.

Since these early errors in its reporting, the Committee has taken several measures to improve its ability to accurately report to the Commission--

- (1) Centralizing Receipts through a single post office box and single online contributions processor and recording them in a fundraising database.
- (2) Centralized Disbursements by limiting the number of individuals with authority to make disbursements, using an online accounts payable system and recording all off-line transactions promptly in an accounting package.
- (3) Reconciliation of the accounting system to bank statements monthly and reconciling FEC reports to bank statements prior to filing.

The Committee looks forward to working with the Commission to resolve any outstanding questions about its reports.

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